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Common Closing Costs for Buyers

Closing costs do not form part of the down payment. However, your Buyer must have the resources to cover closing costs (1.5% of the purchase price). If the cash is not available the money can be borrowed provided that the Buyer's debt ratio can accommodate a loan equivalent to the closing cost over a 12-month period of time.

You'll likely be responsible for a variety of fees and expenses that you will have to pay at the time of closing. The lawyer's office conducting the closing will tell you the required amount for:

- Down Payment
- Mortgage Insurance Premium
- Closing fee: For arranging the mortgage, title, and adjustments. For purchases approx. \$1300 - \$1500 Including legal fee, title insurance, mortgage registration, deed registration etc,
- Home Inspection: (optional but advisable) For purchases approx. \$300- \$400
- Appraisal Fee: Required by most lending institution prior to closing date.
- Land Transfer Tax: May be exempt if a first-time buyer and acquiring a new home. Since August 2008, first-time homebuyers are entitled to a refund of Ontario's land transfer tax, up to a maximum of \$2,000.
- Property Insurance: Mandatory for purchases and arranged prior to closing date.
- G.S.T.: Applies somewhat to all new homes. Partial rebates may be available.
- Adjustments for your share of costs, such as property taxes.

A Note About Adjustments: Because such costs are usually paid on either a monthly or yearly basis, you might have to pay a bill for services used by the sellers before they moved. Proration is a way for the sellers to pay you back or for you to pay them for bills they may have paid in advance. Assume you buy the home on the 6th of the month. You would owe the city tax department for only the days from the 6th to the end for the month. The seller would owe for the first five days. The bill would be prorated for the number of days in the month, and then each person would be responsible for the days of his or her ownership.